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PRESIDENT'S ADVISORY  
ON FEDERAL TAX REFORM

Submission Date: February 23, 2005

2005 MAR 28 P 5: 22

An Individual Submission

to the

President's Advisory Panel on Federal Tax Reform

Synopsis of Communication

- Should I use the rules found in *26 USC Sec 861(b)* and *26 CFR Sec 1.861-8* (in addition to any other pertinent sections) to determine my taxable domestic income
- If I should not use those sections to determine my taxable domestic income, please show where the law says who should or should not use those sections
- If I, as a U.S. citizen, receive all of my income from working within the 50 states, do *26 USC Sec 861 (b)* and *26 CFR Sec 1.861-8* show my income to be taxable
- Should I use *26 CFR Sec 1.861-8T(d)(2)* to determine whether my "items" of income (e.g. compensation, interest, rents, dividends, etc. are excluded for federal income tax purposes
- What is the purpose of the list of non-exempt types of income found in *26 CFR Sec 1.861-8T(d)(2)(iii)*, and why is my domestically earned income not on that list
- What types of income (if any) are not exempted by any statute, but are nonetheless "excluded by law" (not subject to the income tax) because they are, under the Constitution, not taxable by the federal government

1

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I have long doubted the legitimacy of the income tax and have, every year, without hesitation filed an income tax under threat by the government. The idea of an income tax was repugnant to our "Founding Fathers", and in my research and reading of various documents, my doubts as to the legitimacy of the income tax have been verified. That is why I am posing the above questions to the panel, in the hopes that there will be an answer forthcoming, in which the fog perpetuated by the federal government will be lifted, and the people will once again be free from the burden of this taxation system. I have also, in my reading and research, found that the 16<sup>th</sup> Amendment is an illegal document and did not cast in stone the fact that income tax of a certain speciality was due to be paid by the people of the United States. I am, at this time, using information I have obtained from sources, to place the following questions in a public record in order to have the question clarified, as to the legitimacy of the income tax.

Question #1: Should I use the rules found in *26USC Sec 861(b)* and *26 CFR Sec 1.861-8* (in addition to any other pertinent sections) to determine my taxable domestic income

Question #2: If I should not use those sections to determine my taxable domestic income, please show where the law says who should or should not use those sections

Reason for Questions #1 & 2: The regulations at *26 CFR Sec 1.861-8* begin by stating that Sections 861(b) and 863(a) state in general terms "how to determine taxable income of a taxpayer from sources within the United States" after gross income from the U.S. has been determined. Section 1.861-1(a)(1) confirms that "taxable income from sources within the United States" is to be determined in accordance with the rules of *26 USC Sec 861(b)* and *26 CFR Sec 1.861-8* (see also *26 CFR Secs 1.862-1(b)*, *1.863-1(c)*). Cross-references under *26 USC Sec 61*, as well as entries in the USC Index under the heading

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“Income Tax”, also refer to Section 861 regarding income (“gross” and “taxable”) from “sources within U.S.”

Question #3: If I, as a U.S. citizen, receive all of my income from working within the 50 states, do *26 USC Sec 861(b)* and *26 CFR Sec 1.861-8* show my income to be taxable

Reason for Question #3: Section 217 of the Revenue Act of 1921, predecessor to *26 USC Sec 861* and following, stated that income from the U.S. was taxable for foreigners, and for U.S. corporations and citizens deriving most of their income from federal possessions, but did not say the same about the domestic income of other Americans. The regulations under the 1939 Code (e.g. *Secs 29.119-1, 29.119-2, 29.119-9, 29.119-10* (1945)) showed the same thing. The current regulations at *1.861-8* still show income to be taxable only when derived from certain “specific sources and activities”, which still relate only to certain types of international trade (see *26 CFR Secs 1.861-8(a)(1), 1.861-8(a)(4), 1.861-8(a)(4), 1.861-8(f)(1)*)

Question #4: Should I use *26 CFR Sec 1.861-8T(d)(2)* to determine whether my “items” of income (e.g. compensation, interest, rents, dividends, etc.) are excluded for federal income tax purposes

Reason for Question #4: The regulations (*26 CFR Sec 1.861-8(a)(3)*) state that a “class of gross income” consists of the “items” of income listed in *26 USC Sec 61* (e.g. compensation, rents, dividends, etc.). The regulations (*26 CFR Secs 1.861-8(b)(1)*) then direct the reader to “paragraph (d)(2) of the section, which provides that such “classes of gross income” may include some income which is *excluded* for federal income tax purposes

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Question #5: What is the purpose of the list of non-exempt types of income found in 26 *CFR Sec 1.861-8T(d)(2)(iii)*, and why is my domestically earned income not on this list

Reason for Question #5: After defining “exempt income” to mean income which is excluded for federal income tax purposes (26*CFR Sec 1.861-8T(d)(2)(iii)*), the regulations list several types of income which are *not* exempt (i.e. which are subject to tax), including the domestic income of foreigners, certain foreign income of Americans, income of certain possessions, corporations, and income of international and foreign sales corporations; but the list does not include the domestic income of most Americans (26 *CFR Sec 1.861-8T(d)(2)(iii)*)

Question #6: What types of income (if any) are not exempted by any statute, but are nonetheless “excluded by law” (not subject to the income tax) because they are, under the Constitution, not taxable by the federal government

Reason for Question #6: Older income tax regulations defining “gross income” and “net income” said that neither income exempted by statute or “fundamental law” were subject to tax (*Sec 39.21-1 (1956)*), and said that in addition to the types of income specifically exempted by statute, other types of income were excluded because they were, “under the Constitution, not taxable by the Federal Government” (*Sec 39.22(b)-1 (1956)*). (this is also reflected in the current 26*CFR Sec 1.312-6*)

Ref: <http://www.861.info/index/php?pg=6questions>

As you can see there are discrepancies in the perceived law, that exempt domestically earned income from the income tax regulations, and that the people of the United States, who work and earn a living while employed and laboring in the 50 states have been duped into paying this illegal tax, perpetuated by the congress since its inception. This

illegal tax has been used to subdue, and repress, a population of people who only wish to labor, earn a living and provide for their families in the way that is the standard of behaviour in this country. This conduct, by the government of the United States of America, is despicable on its face and borders on tyranny, and oligarchy, by the legislative bodies of the government of the United States of America.